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BEFORE THE ARIZONA CORPORATION COMMISSION

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2009 JAN 28 P 3: 42

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF CHAPARRAL CITY WATER COMPANY, INC., AN ARIZONA CORPORATION FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY BASED THEREON.	DOCKET NO. W-02113A-07-0551 **STAFF'S CLOSING BRIEF PHASE I RE: RATE BASE, INCOME STATEMENT AND RATE DESIGN**

I. INTRODUCTION.

Chaparral City Water Company ("the Company", or "CCWC") serves approximately 13,500 customers in portions of eastern Maricopa County, Arizona, including the Town of Fountain Hills and a small portion of the City of Scottsdale.[1] On September 26, 2007, the Company filed an application for an increase in rates in the above captioned matter. The Company requests a rate increase of approximately $2,910,741 or 38.72%.[2] The Company's current rates were authorized in Decision No. 68176, approved on September 30, 2005.[3]

Chaparral City is an Arizona corporation wholly owned by American States Water Company ("American States"), which is publicly traded on the New York Stock Exchange. American States' primary operating subsidiary is Southern California Water Company. In October 2000, American States purchased Chaparral City's stock from MCO Properties, Inc. The Company's primary water supply is imported Colorado River water, which is delivered by means of the Central Arizona Project ("CAP"). At present, the Company is in compliance with all water quality standards, and requirements of the Arizona Department of Water Resources and the Commission.

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[1] CCWC Application, at 1, ll. 18-22.
[2] Ex. A-7 at 1, ll. 24-26.
[3] CCWC Application, at 2, ll. 5-6.

The briefing schedule and hearing were bifurcated. Staff will address its position on rate base and operating expense issues in this brief. There are several issues with which the Company and Staff are in agreement. Additionally, there are only a few contested issues with respect to rate base and operating expense issues. Staff will set forth its recommendations regarding revenue requirement in its phase II brief along with rate of return and cost of capital.

II. RATE BASE.

A. The Commission Should Accept Staff's And The Company's Recommendation As To The Treatment Of The Settlement Proceeds For Wells 8 and 9.

The Fountain Hills Sanitary District ("District") needed an aquifer storage and recovery well to pump and store its effluent.[4] The District was proposing that the effluent storage well would be located near Well 9, a potable water source. Fearing potential contamination, MCO Properties and the District began negotiations.[5] MCO and the District reached an agreement to exchange wells. One of the key terms of the agreement was that the District would provide a new replacement well with similar quality and production capacity as Well 9.[6] Once the replacement well was built and the new effluent storage well became operational, Well 9 would be taken out of service and physically isolated from the system. However, the District was unable to construct an adequate replacement well and a new agreement had to be negotiated.[7]

In February 2005, CCWC and the District reached an agreement where the District paid CCWC $1,520,000 as compensation for the Wells that CCWC was no longer using to provide potable water service.[8] The Company proposed a 50-50 sharing of these proceeds between the ratepayers and the shareholders for the $1.52 million in settlement proceeds. In its direct testimony, Staff recommended that all of the $1.52 million in settlement proceeds flow through to ratepayers.[9] Because the Company is willing to share any future proceeds gained through the sale of the Wells, and after extensive additional testimony, Staff revised its recommendation.[10] Staff now agrees with

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[4] Ex. A-1 at 9, ll. 22-26.
[5] *Id.* at 10, ll. 1-7.
[6] *Id.*
[7] *Id.* at 10, ll. 9-17.
[8] *Id.*
[9] Ex. S-2 at 15, ll. 8-11.
[10] Tr. at 351-352.

the Company that the settlement proceeds should be shared equally between the shareholders and ratepayers so long as the Company shares the proceeds equally with the ratepayers in the event the wells are sold.

B. The Commission Should Accept Staff's And The Company's Recommendation Regarding The Treatment Of The CAP Allocation.

In 2007, the Company purchased an additional CAP allotment of 1,931 acre feet. In its direct testimony, the Company proposed to include as a pro forma adjustment the $1,280,000 acquisition cost of the CAP allocation in rate base as a Deferred Regulatory Asset. Staff believes that the allocation has attributes more associated with a water right and should be reclassified to plant-in-service as an intangible asset not subject to amortization.[11] Staff believes that the cost of the additional allotment is an intangible asset that will not decline or diminish in value and therefore should not be amortized.[12] Staff has reclassified the "Deferred Regulatory Assets" balance of $1,280,000 to NARUC USOA number 303, Land and Land Rights, as a plant-in-service component. The Company has agreed to this reclassification.[13]

Staff believes that CCWC has acted prudently in the purchase of the additional CAP allotment.[14] Reallocation of CAP water occurs infrequently, and because the CAP water is oversubscribed, it becomes imperative to secure an allotment when it is available. CAP reallocations have to be taken as a whole- it is an all or nothing situation. Also, the additional allotment of 1,931 acre feet will allow CCWC to limit, or eliminate, the use of groundwater to serve its customers.[15] The combination of these factors fostered Staff's belief in the prudency of the purchase of the additional CAP allotment. Although the Company initially proposed that the allocation be included in rate base as a regulatory asset to be amortized to expense over a twenty year period, it now agrees with Staff about the treatment of the CAP allotment.[16] Similarly, RUCO initially agreed with the Company that the allocation should be included in rate base as a regulatory asset; however, RUCO

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[11] *Id.* at 16, ll. 21-24.
[12] *Id.* at 17, ll. 14-17.
[13] Ex. A-5 at 11, ll. 23-25.
[14] Ex. S-2 at 18, ll. 8-13.
[15] *Id.*
[16] Tr. at 58, ll. 16-20.

has modified its original position and now agrees with Staff that the CAP Allocation should be placed in a non-depreciable plant account[17]. RUCO recommends that 50 percent of the CAP allocation should be given rate base treatment, and the remaining 50 percent should be included in rate base at a future point in time when it is deemed used and useful.[18]

Staff found that the additional CAP water is at least partially used and useful.[19] In fact, Staff engineering witness, Marlin Scott, determined that fifty percent of the additional CAP allocation of 1,931 acre feet of water is used and useful. The Company does not disagree with Staff's position. RUCO alleged that most of the CAP allocation is not used and useful. RUCO witness Tim Coley testified that less than 50 percent of the CAP allocation was used and it was probably more in the single digit percentages.[20] However, RUCO acknowledged that it did not complete an engineering analysis to determine what amount of the CAP allocation was used and useful.[21] In contrast, Staff has done an engineering analysis and has determined that the current CAP allocation was exceeded in 2006 and that additional CAP water is needed.[22] Therefore, Staff's recommendation, that approximately half (966 acre-feet per year) of the requested CAP allocation should be considered used and useful, should be given more weight.

C. The Commission Should Accept The Staff's Recommendation For Removal Of Working Capital Components.

A company's working capital requirement represents the amount of cash the company must have on hand to cover any differences in the time period between when revenues are received and expenses must be paid. The most accurate way to measure the working capital requirement is via a lead/lag study. The lead/lag study measures the actual lead and lag days attributable to the individual revenues and expenses.

The Company did not prepare a lead/lag study to quantify its cash working capital requirement. Because the Company did not provide a lead/lag study, Staff believes that it is

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[17] Tr. at 248-249.
[18] Ex. R-9 at 22 ll. 9-19.
[19] *Id.* at 17, ll. 20-22.
[20] Tr. at 301.
[21] Tr. at 302.
[22] Ex. MSJ at 11.

inappropriate to consider other components of working capital and therefore disallowed prepayments and materials and supplies inventory from rate base.[23] Staff's adjustment to rate base removes (1) Unamortized Debt Issuance Costs, $424,010, (2) Prepayments, $192,485, and (3) Materials and Supplies Inventory, $14,521.[24] These balances are considered in working capital calculations along with a cash working capital component derived from a lead/lag study, for overall inclusion in rate base. In this case, Staff further recommends that the Company be ordered to perform and submit a lead/lag study in conjunction with its next rate adjustment request application in order to meet the sufficiency requirement of that filing.[25]

RUCO makes either one of two recommendations to the working capital allowance adjustment.[26] First, RUCO recommends an adjustment to account for cash working capital, attributable to RUCO's performance of a lead/lag study that reduced rate base by $111,606.[27] RUCO's alternative recommendation would be to disallow the Company's recovery of materials & supplies and prepayments, since those two items are components of a working capital allowance adjustment.[28]

The Company initially stated that it was not seeking working capital in order to simplify the filing and reduce issues that might be in dispute.[29] However, the Company requests recovery for materials & supplies and prepayments which are two of the three components of working capital. The Company in Rebuttal testimony stated that it now accepts RUCO's lead/lag study and negative adjustment to rate base in an effort to eliminate issues in dispute.[30] However, Staff maintains that, because the Company did not perform a lead/lag study, it is inappropriate to consider any component of working capital in this case.

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[23] *Id.* at 23, ll. 15-17.
[24] *Id.* at 22, ll. 18-20.
[25] *Id.* at 24, ll. 3-5.
[26] Ex. R-8 at 24, ll. 8-15.
[27] *Id.*
[28] *Id.*
[29] Ex. A-3 at 7, ll. 2-3.
[30] Ex. A-5 at 12, ll. 6-8.

D. <u>The Commission Should Adopt Staff's Recommended Adjustments To Accumulated Depreciation.</u>

Staff's adjustment reduces Accumulated Depreciation by $2,031,950 from the Company's amount of $15,877,022 to reflect Staff's calculated Accumulated Deprecation of $13,845,072.[31] The reason for the difference is related to Staff's use of the 4.0 General Office ("GO") plant allocation percentage and the plant additions and retirements of wells and other plant.[32] Changing the GO allocation increased accumulated depreciation by $84,561.[33] Plant additions increased accumulated depreciation by $1,823 and retirements decreased accumulated depreciation by $2,118,334. [34]

The Company proposes to use a 2.8% allocation factor for the GO plant.[35] This is the same recommendation made by RUCO.[36] The Company has chosen to adopt the 2.8% allocation factor in this case in an effort to eliminate disputed issues.[37] However, the Company acknowledges that Staff's proposed 4.0% allocation factor is more correctly matched to the test year.[38] Further, the Company argues that the transportation equipment was fully depreciated and has no impact on rate base.[39] However, in response to data request MEM-7.5, the Company listed the original cost and accumulated depreciation for each vehicle. The accumulated depreciation for this group of vehicles totaled $43,666.60.[40] If the vehicles were fully depreciated, the accumulated depreciation for this group of vehicles would have totaled the original costs of $274,001, not $43,666.60.[41]

Lastly, Staff recommends that CCWC adopt, on a going forward basis, the "Group Depreciation" method in which the additions for each year and for each plant account are considered a separate "group".[42] This method would facilitate the identification of the cost of specific assets and their associated accumulated depreciation, so that the proper amounts can be retired when appropriate.

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[31] *Id.* at 20, ll. 18-26.
[32] Ex. S-2 at 20, ll. 18-26.
[33] *Id.*
[34] *Id.*
[35] Ex. A-5 at 10, ll. 19-20.
[36] *Id.*
[37] *Id.* at 10-11.
[38] *Id.* at 10.
[39] Ex. A-7 at 4-5.
[40] Ex. S-3 at 4, ll. 9-12.
[41] *Id.*
[42] *Id.* at 21, ll. 21-25.

III. OPERATING REVENUES AND EXPENSES.

A. Rate Case Expense.

There are two components that CCWC characterizes as rate case expense in this case. There is the rate case expense that CCWC is seeking to recover for this case, and the various expenses that CCWC incurred in the appeal of Decision No. 68176 and the subsequent remand proceeding.

1. The Commission Should Allow $100,000 in Expense for the Appeal and Remand.

CCWC is seeking to recover $258,511 for expense incurred for the remand proceeding.[43] CCWC alleges that this amount is fifty percent of the total amount of expense that it incurred in the remand proceeding.[44] Prior to filing its Notice of Filing on September 8, 2008 in this docket, CCWC agreed to only seek recovery of $100,000 of its remand rate case expense.[45]

RUCO is recommending that the Commission reject CCWC's request for recovery of expense related to the appeal of Decision No. 68176 and the remand proceeding.[46] The basis for RUCO's recommendation is twofold. First, RUCO claims that CCWC made a business decision to appeal Decision No. 68176.[47] RUCO claims that CCWC should have weighed the risks of obtaining a favorable result from the Court and the Commission when CCWC made a business decision to appeal.[48] RUCO also bases its recommendation on its belief that the decision to appeal was strictly to increase CCWC's operating income, and that it did not benefit ratepayers. However, Mr. Rigsby, RUCO's witness regarding remand expense, when asked, was unable to provide any example of when RUCO would recommend recovery of expenses related to the appeal of a Commission decision.[49]

Staff is recommending that CCWC be permitted to include the $100,000 of the expense that it originally agreed it would seek in this matter relating to the remand proceeding. Staff is also

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[43] Ex. S-2 at 32, ll. 9-14, Notice of Filing September 8, 2008.
[44] *Id.*
[45] Ex. S-2 at 32, ll. 9-14.
[46] Ex. R-6 at 6, ll.17-23.
[47] *Id.* at 7, ll. 1-12.
[48] *Id.*
[49] Tr. at 235, ll. 5-20.

recommending that the remand expense and the rate case expense for this case be normalized over a three-year period.[50]

2. *The Commission should allow $150,000 in Rate Case Expense for this case.*

CCWC is anticipating that its rate case expense for this case will be $280,000.[51] CCWC is recommending that the Commission allow it to include all of this in its revenue requirement, and is proposing that this amount be amortized over a three-year period.[52] Staff recommends that the Commission allow CCWC to recover $150,000 in rate case expense for this case.[53] Staff believes that this amount of rate case expense is similar to amounts the Commission has allowed comparable sized utilities to recover through just and reasonable rates. Staff is recommending that this amount be normalized, instead of amortized, in order to "flatten the effects" of expenses that fluctuate from year to year.[54]

3. *The Commission Should Allow CCWC to Recover a Total of $250,000 in Expenses Related to Commission Proceedings.*

In total, Staff is recommending the Commission allow CCWC to include $250,000 in its revenue requirement. Further, this amount should be normalized over a three-year period. This would result in $83,333 being included in CCWC's revenue requirement for this case.[55]

B. Normalization Of Expenses.

1. *Normalization of Chemical Expense.*

CCWC is recommending that the Commission allow it to include $127,457 of Chemical Expenses in its revenue requirement.[56] Staff recommends that the Commission reduce CCWC's Chemical Expenses by $27,630.[57] This reduction modifies CCWC's Chemical Expenses from

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[50] *Id.* at 33, ll. 6-10.
[51] Ex. A-3 at 15, ll. 14-19. RUCO also agrees with CCWC that it should recover this amount of rate case expense as it relates to this case.
[52] *Id.* at 15, ll. 8-13.
[53] Ex. S-2 at 32, ll. 4-7.
[54] *Id* at 31, ll. 14-26.
[55] Ex. S-2 at 33, ll. 6-10.
[56] Ex. A-3, Schedule C-1.
[57] *Id.* at 33, ll. 12-24.

$127,457 to $99,827.[58] Staff is recommending this modification of Chemical Expense due to the fluctuations CCWC is experiencing regarding these expenses.[59]

Since 2003, the last rate case test year, CCWC's Chemical expenses have more than doubled.[60] In addition, Staff found that the Chemical Expense balance included two large invoices for chemicals delivered in late December 2006.[61] Due to the fluctuation in Chemical expenses, Staff is recommending that the Commission normalize these expenses by taking an average of the previous three-years' expenses.[62] This results in Staff's recommendation that the Commission permit CCWC to include $99,827 in its revenue requirement for this case.

2. *Normalization of Repairs and Maintenance.*

CCWC is recommending the Commission include $61,392 of Repair and Maintenance ("R & M") Expense in its revenue requirement. The Company's adjustment of $43,217 consists of two parts: $37,674, representing items expensed in Outside Services which Staff recommended should be capitalized; and the $5,543 of Pepsi Cola products CCWC furnished for its employees which Staff recommended be removed from Repairs and Maintenance expense. By making this adjustment to the incorrect expense category, CCWC ignores Staff's annualization of R&M expenses, which results in a $13,475 reduction of test year expense, and ignores the adjustment to reduce Outside Services expense by $375 for an ACC late filing penalty and Appellate Court filing fees that Staff recommended. Staff recommends that the Commission allow CCWC R & M of $85,591.[63] This is a reduction from $104,609 to $85,591.[64] Staff's adjustment of $19,018, is comprised of two parts, (1) a reduction by $13,475 to normalize CCWC's R & M expenses, and (2) the removal of the $5,543 for the costs of beverage provided to employees.[65] This reduction normalizes CCWC's R & M expenses, by taking a three-year average.[66] Staff believes this is the appropriate treatment for the R & M

[58] *Id.*
[59] *Id.*
[60] *Id.*
[61] *Id.*
[62] *Id.*
[63] Ex. S-2 at 34, l. 3.
[64] *Id.* l4.
[65] *Id.* 13-19.
[66] *Id.* ll. 5-7.

expenses due to the fact that these expenses have fluctuated from $96,152 in 2004, to $72,640 in 2005, to $104,609 in the test year.[67] In addition, during its audit, Staff found that CCWC had purchased $5,543 of Pepsi Cola products for its employees.[68] Staff does not believe that these expenses should be included in its revenue requirement.

3. Normalization of Insurance Expense.

CCWC is recommending zero for its General Liability Insurance Expense as part of its revenue requirement.[69] Staff agrees with CCWC's recommendation.[70]

C. <u>Calculation Of Property/Income Taxes.</u>

The Company and Staff proposed to follow recent Commission Decisions to use adjusted test-year revenues in the application of the ADOR formula in order to determine allowed property tax expense.[71] RUCO continues to disagree with the Commission's use of adjusted test year revenues in the application of the ADOR formula for estimating property tax expense for ratemaking purposes, and argues that historical revenues should be used.[72]

1. Property Taxes.

CCWC, in its rejoinder testimony, proposes $250,629 for Test Year property taxes.[73] Staff's calculation is $262,400 for Test Year property tax expense.[74] CCWC accepts Staff's method of calculating property taxes.[75] The principal difference in test year property taxes is due to minor differences in the assessment ratios and tax rates.[76] The property tax expense using Staff's method is revenue dependent. The principal difference between the on-going amount that CCWC is requesting, and what Staff is recommending is due to the differences in the revenue requirements that CCWC and Staff are proposing and recommending. A difference in test year versus recommended revenue

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[67] *Id.*
[68] *Id.* ll. 7-12.
[69] Ex. A-7, Schedule C-1.
[70] Ex. S-3 at 6, ll. 1-3.
[71] *See* Schedule MEM-25.
[72] Ex. R-8 at 36-41.
[73] Ex. A-7, Schedule C-2 at 3.
[74] Ex. S-2 at 37, ll. 11-19.
[75] Ex. A-5 at 17, ll. 17-25.
[76] *See* Marvin Millsap Final Schedules, Schedule MEM-25 and Final Schedule C-2 at 3.

also causes the test year property tax to differ from the on-going expense. Staff's method calculates the appropriate level of on-going property tax for any specific revenue requirement by including a component for property taxes in the gross revenue conversion factor. Staff is recommending a total property tax expense of $285,177 based on its recommended revenue requirement.[77] This is an increase of $22,777 over the test year amount due to the recommended revenue requirement exceeding the test year revenue.

2. *Income Tax Expense.*

CCWC proposed $415,246 for Test Year Income Tax Expense.[78] As Staff Witness Marvin Millsap testified, "The two main reasons for the difference between Staff's and the Company's calculation of Income Taxes is the difference in test year operating expenses and that the Company applied its weighted cost of debt to FVRB"[79] to calculate synchronized interest and subsequently taxable income.[80] It is inappropriate to apply weighted cost of debt to FVRB. The Internal Revenue Code does not recognize any additional interest deduction due the Commission's use of FVRB in setting rates. Nor do CCWC's debts increase due to inflation or to an increase in value of the property recognized in rate base. The appropriate treatment is to apply weighted cost of debt to OCRB.[81] Staff is recommending an adjustment to Test Year Tax Expense that increases Income Tax Expense by $154,891. This results in a total Income Tax Expense of $424,911.[82]

D. Depreciation Expense.

CCWC proposes depreciation expense of $1,543,944.[83] Staff is recommending depreciation expense of $1,548,799. Staff's adjustment decreases CCWC's original proposed Depreciation Expense of $1,608,019 by $59,220. The major difference between CCWC's depreciation expense amount and the amount that Staff is recommending is attributable to a 2.8% General Office Plant

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[77] *See* Marvin Millsap Final Schedules, Schedule MEM-12.
[78] Ex. A-7, Schedule C-1.
[79] Ex. S-2 at 37, ll. 26-38, ll. 1-3.
[80] Ex. A-5, Schedule C-2 at 12.
[81] *Id.*
[82] *See* Marvin Millsap Final Schedules, Schedule MEM-26.
[83] Ex. A-7, Schedule C-1.

allocation that CCWC is using rather than the 4% used by Staff. Staff asserts that 4% is more appropriate because it matches test year revenues, operating expenses and plant.[84]

IV. RATE DESIGN.

The Company is proposing the same rate design approved by the Commission in the prior rate case, Decision No. 68176, with one exception. For the irrigation and construction classes, the Company has proposed that the commodity charge be the same as other similar classes (i.e. standpipe and fire sprinkler). The Company's proposed monthly minimum charges by meter size are as follows: ¾"- $18.15; 1"- $30.25; 1 ½"- $60.50; 2"- $96.80; 3"- $193.60; 4"- $302.25; 6"- $605.00; 8"- $1,119.25; 10"- $1,573,00; and 12"- $2,783.00.[85] Zero gallons are included in the monthly minimum charge. The Company proposes a residential commodity rate of $2.262 per thousand gallons for zero to 3,000 gallons, $3.364 per thousand gallons for 3,001 to 9,000 gallons, and $4.044 per thousand gallons for any consumption over 9,000 gallons.[86] For irrigation customers, the Company's proposed monthly minimum charges are the same as they are for residential customers according to meter size, and the proposed commodity rate is $3.364 per thousand gallons.[87]

Staff recommends monthly minimum charges by meter size as follows: ¾"- $15.00; 1"- $25.00; 1 ½"- $48.00; 2"- $77.00; 3"- $150.00; 4"- $230.00; 6"- $460.00; 8"- $925.00; 10"- $1,300.00; and 12"- $2,300.00.[88] Zero gallons are included in the monthly minimum charge. Staff proposes a residential commodity rate of $1.85 per thousand gallons for zero to 3,000 gallons, $2.92 per thousand gallons for 3,001 to 9,000 gallons, and $3.33 per thousand gallons for any consumption over 9,000 gallons.[89] For irrigation customers, Staff's proposed monthly minimum charge is the same as it is for residential customers for each meter size, and the proposed commodity rate is $2.75 per thousand gallons.[90] Staff recommends a larger percentage increase in the commodity rate for

[84] Ex. S-3 at 5, ll. 9-12.
[85] Ex. A-7 at 18, ll. 5-19.
[86] *Id.* at 19, ll. 1-7.
[87] *Id.* at 20, ll. 1-8.
[88] *See* Schedule MEM-27.
[89] *Id.*
[90] *Id.*

irrigation customers to move irrigation customers' rates closer to the commodity rates paid by other customers.

V. LOW INCOME PROGRAM.

The Commission has approved low income tariffs for a number of utilities, and with the recent downturn in our economy, there is an even greater need for these types of tariffs. The Company has proposed a low income tariff to provide an opportunity for those customers that need assistance to lower their cost of water utility service. The Company proposes that customers meeting the necessary qualifications would receive a 15 percent discount off their water bill.[91] The primary criteria would be based on the combined gross annual income of all persons living in the household. For example, a 4-person household with a total gross annual income of less than or equal to $31,800 would meet the criteria.[92] Customers would sign up for the program by completing an application and eligibility declaration and submitting proof of income to the Company.[93] The income guidelines are based on 150 percent of the 2008 federal poverty guidelines.[94] The Company would update its gross annual household income limits annually.

The program costs would be recovered from non-participants via a commodity surcharge. The Company would maintain a balancing account to keep track of the program costs and the collections made from non-participants. The commodity surcharge to non-participants would begin one year after the program begins. CCWC will track the program costs for 12 months, and upon completion of the 12 month period, the Company will compute a surcharge intended to collect the prior year's program costs over the next 12 months. CCWC would submit an annual report to the Commission showing the number of participants for the year, the discounts given to participants, administration fee and carrying costs, and the collections made from non-participants through the surcharge.[95] Based on the existing bill for median usage on a ¾" meter currently at $24.94, the low income program would result in a reduction of $3.74.[96] The surcharge impact for non-participants,

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[91] Ex. A-6 at 2, ll. 9-16.
[92] *Id.*
[93] *Id.* at ll. 18-25.
[94] *Id.*
[95] *Id.* at 4, ll. 20-26.
[96] *Id.* at 5, ll. 18-19.

based on the 2006 gallons sold, would be about 4 cents on the average ¾" customer bill.[97] Finally, Staff recommends that the Commission adopt the low income tariff as presented by the company.[98]

VI. CONCLUSION.

The Commission should adopt Staff's recommendation in this case as contained in its Testimony and herein. Staff's recommendations result in just and reasonable rates for the Company.

RESPECTFULLY SUBMITTED this 28th day of January, 2009.

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[97] *Id.* at 6, ll. 7-16.
[98] Tr. at 352.

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